

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /099 W
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C O N F I D E N T I A L ADDIS ABABA 4671

E.O. 11652: GDS
TAGS: ENGR ET
SUBJECT: PETROLEUM SITUATION

REF: ADDIS ABABA 4532

1. SUMMARY. INCREASED MILITARY CONSUMPTION OF PETROLEUM PRODUCTS HAS PLACED HEAVY BURDEN ON PETROLEUM DISTRIBUTION SYSTEM WHICH WILL CAUSE CLOSEDOWN OF CERTAIN INDUSTRIES WITHIN NEXT WEEK OR TWO. END SUMMARY.

2. ACCORDING TO SOURCES IN THE PETROLEUM DISTRIBUTION INDUSTRY, SHARPLY INCREASED MILITARY CONSUMPTION OF PETROLEUM PRODUCTS, ESPECIALLY BY THE ETHIOPIAN AIR FORCE, HAS PLACED A MAJOR STRAIN ON PETROLEUM DISTRIBUTION SYSTEM. THESE SOURCES REPORT LENGTHY COUNCIL OF MINISTERS MEETING JULY 31 DURING WHICH VARIOUS OPTIONS TO EQUALIZE SUPPLY AND DEMAND WERE DISCUSSED. CURRENTLY DEMAND IS ROUGHLY 25 PERCENT HIGHER THAN SUPPLY. STEPS DECIDED UPON INCLUDE INCREASING THE NUMBER OF TRIPS PER MONTH THAT EACH TANK TRUCK AND TRAILER MAKES FROM ASSAB TO ADDIS FROM AN AVERAGE OF 2.5 TO 3.5, TIGHTENING UP THE RATIONING SYSTEM TO
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PRIVATE CONSUMERS OF GASOLINE, CLOSING DOWN SELECTED INDUSTRIES AND PROCURING ADDITIONAL TANK TRUCKS FROM EUROPE, PROBABLY ITALY.

3. AVIATION FUELS ARE GETTING FIRST PRIORITY, BOTH JET FUELS AND AVIATION GASOLINE. IN ADDITION TO MAINTAINING SUPPLIES AT BOLE INTERNATIONAL AIRPORT, THE

ETHIOPIAN AIR FORCE AIRPORT AT DEBRE ZEIT (RECENTLY PUT BACK INTO USE AFTER COMPLETION OF RUNWAY EXTENSION) AND THE AIRPORT AT DIRE DAWA ARE TO GET MORE SUPPLIES. 60 TANK TRUCKS WITH TRAILERS OUT OF A TOTAL FLEET OF 362 (EXCLUDING ERITREA, WHERE THERE ARE APPROXIMATELY 35 TANK TRUCKS AND TRAILERS) HAVE BEEN ASSIGNED THIS TASK, AN INCREASE OF 20 FROM LAST WEEK AND 35 MORE THAN BEFORE THE RAILROAD WAS DISRUPTED. 180 TANK TRUCKS WITH TRAILERS WILL BE USED EXCLUSIVELY FOR THE RUN BETWEEN ASSAB AND ADDIS ABABA, AND THE BALANCE WILL BE USED TO SERVICE OUTLYING AREAS INCLUDING DIRE DAWA. THESE TRUCKS WILL HAUL A VARIETY OF PRODUCTS. CURRENTLY THE MILITARY TAKES WHAT IT NEEDS OF GROUND FUELS AND TRUCKS AND BUS OWNERS ARE BEING GIVEN ALL THEY NEED. USE BY INDUSTRY AND PRIVATE VEHICLE OWNERS WILL BE REDUCED UNTIL SUPPLY AND DEMAND ARE AGAIN IN EQUILIBRIUM WHICH WILL REQUIRE CLOSURE OF SOME INDUSTRIES (TO BE DETERMINED BY THE EPMG) AND SOME GOVERNMENT PROJECTS, SUCH AS ROAD BUILDING, AND A DECREASE IN RATION ALLOWED TO PRIVATE CAR OWNERS.

4. STOCKS OF GASOLINE AND DIESEL FUEL IN ADDIS ARE CURRENTLY BETWEEN TWO TO THREE DAYS AND AVIATION FUELS AT BOLE INTERNATIONAL AIRPORT ABOUT 10 DAYS. THE PROGRAM OUTLINED ABOVE WILL NOT REPEAT NOT INCREASE STOCKS EXCEPT FOR AVIATION FUELS.
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5. ASMARA CONTINUES TO BE ADEQUATELY SUPPLIED WITH PETROLEUM PRODUCTS. IN FACT, ASMARA IS EASIEST TO SUPPLY THAN ADDIS BECAUSE OF THE SHORTER DISTANCE BETWEEN ASMARA AND MASSAWA.

6. COMMENT. PETROLEUM DISTRIBUTION INDUSTRY SOURCES ARE NOT OPTIMISTIC THAT GOVERNMENT CAN IN FACT INCREASE THE NUMBER OF TRIPS PER TANK TRUCK PER MONTH. UNLESS THIS IS ACCOMPLISHED, HOWEVER, MORE AND MORE INDUSTRIES WILL HAVE TO BE CLOSED AS THEY RUN OUT OF FUEL. THUS FAR, NO INDUSTRIES EXCEPT THE CEMENT PLANT AT DIRE DAWA HAVE STOPPED PRODUCTION BUT THESE SOURCES EXPECT CLOSURES TO START THIS WEEK. PROCUREMENT OF TANK TRUCKS WILL NOT PROVIDE RELIEF FOR SEVERAL (TWO - FOUR MONTHS), EVEN IF USED VEHICLES ARE FOUND AND PURCHASED. ASSUMING MILITARY ACTIVITY CONTINUES ON CURRENT LEVELS, THE ECONOMIC IMPACT OF THE WAR IS LIKELY TO BECOME INCREASINGLY SERIOUS.
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